

LEGISLATIVE BILL 1200

Approved by the Governor April 11, 2000

Introduced by Nebraska Retirement Systems Committee: Stuhr, 24, Chairperson;
Bourne, 8; Bruning, 3; Wehrbein, 2; Wickersham, 49

AN ACT relating to retirement; to amend sections 23-2310.04, 23-2319.01, 84-1310.01, 84-1311.03, 84-1314, and 84-1321.01, Reissue Revised Statutes of Nebraska, and sections 23-2309.01 and 23-2310.05, Revised Statutes Supplement, 1999; to change provisions relating to forfeitures, administrative expenses, and the crediting of funds; to harmonize provisions; and to repeal the original sections.

Be it enacted by the people of the State of Nebraska,

Section 1. Section 23-2309.01, Revised Statutes Supplement, 1999, is amended to read:

23-2309.01. (1) On or after January 1, 1997, on such date as is established by the retirement board, each member of the retirement system shall be allowed to allocate all contributions to his or her employee account after such date to various investment options. The investment options shall include, but not be limited to, the following:

(a) A stable return account which shall be invested by or under the direction of the state investment officer in one or more guaranteed investment contracts;

(b) An equities account which shall be invested by or under the direction of the state investment officer in domestic equities;

(c) A balanced account which shall be invested by or under the direction of the state investment officer in domestic equities and domestic fixed income instruments;

(d) An index fund account which shall be invested by or under the direction of the state investment officer in a portfolio of domestic common stocks designed to closely duplicate the total return of the Standard and Poor's 500 Index;

(e) A fixed income account which shall be invested by or under the direction of the state investment officer in domestic fixed income instruments; and

(f) A money market account which shall be invested by or under the direction of the state investment officer in domestic short-term fixed income securities.

If a member fails to select an option or combination of options, all of his or her funds shall be placed in the option described in subdivision (a) of this subsection. Each member shall be given a detailed current description of each investment option prior to making or revising his or her allocation.

(2) Members of the retirement system may allocate their contributions to the investment options in increments of ten percent in any proportion, including full allocation to any one option. A member may transfer any portion of his or her funds among the options, except for restrictions on transfers to or from the stable return account pursuant to rule or regulation. The board shall adopt and promulgate rules and regulations for changes of a member's allocation of contributions to his or her accounts after his or her most recent allocation and for transfers from one investment account to another.

(3) The board shall develop a schedule for the allocation of administrative costs of maintaining the various investment options and shall assess the costs so that each member pays a fair proportion based upon his or her choice of options and number of transfers among options. a reasonable fee as determined by the board. The money forfeited pursuant to section 23-2319.01 shall not be used to pay the administrative costs incurred pursuant to this section.

(4) In order to carry out this section, the board may enter into administrative services agreements for accounting or record-keeping services. No agreement shall be entered into unless the board determines that it will result in administrative economy and will be in the best interests of the county and its participating employees.

(5) The state, the board, the state investment officer, the members of the Nebraska Investment Council, or the county shall not be liable for any investment results resulting from the member's exercise of control over the assets in the employee account.

Sec. 2. Section 23-2310.04, Reissue Revised Statutes of Nebraska, is amended to read:

23-2310.04. Except as provided in sections 23-2309.01 and 23-2310, all expenses necessary in connection with the administration and operation of the retirement system shall be paid from the County Employees Retirement System Expense Fund which is hereby created. The fund shall be credited with money forfeited pursuant to section 23-2319.01 for the proportionate share of administration expenses from the retirement system assets and income as directed by the board for the proper administration of the County Employees Retirement Act. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 3. Section 23-2310.05, Revised Statutes Supplement, 1999, is amended to read:

23-2310.05. (1) On or after July 1, 1999, on such date as is established by the retirement board, each member of the retirement system shall be allowed to allocate all contributions to his or her employer account after such date to various investment options. Such investment options shall be limited to the following:

(a) An account which shall be invested by or under the direction of the state investment officer in approximately twenty-five percent domestic equities and seventy-five percent domestic fixed income instruments;

(b) An account which shall be invested by or under the direction of the state investment officer in approximately fifty percent domestic equities and fifty percent domestic fixed income instruments; and

(c) An account which shall be invested by or under the direction of the state investment officer in approximately seventy-five percent domestic equities and twenty-five percent domestic fixed income instruments.

If a member fails to select an option or combination of options, all of his or her funds in the employer account shall be placed in one of the options described in subdivision (a), (b), or (c) of this subsection as determined by the board. Each member shall be given a detailed current description of each investment option prior to making or revising his or her allocation.

(2) Each member of the retirement system may allocate contributions to his or her employer account to the investment options in increments of ten percent in any proportion, including full allocation to any one option. A member may transfer any portion of his or her funds among the options. The board shall adopt and promulgate rules and regulations for changes of a member's allocation of contributions to his or her accounts after his or her most recent allocation and for transfers from one investment account to another.

(3) The board shall develop a schedule for the allocation of administrative costs of maintaining the various investment options and shall assess the costs so that each member pays a fair proportion based upon his or her choice of options and number of transfers among options a reasonable fee as determined by the board. The money forfeited pursuant to section 23-2319.01 shall not be used to pay the administrative costs incurred pursuant to this section.

(4) In order to carry out the provisions of this section, the board may enter into administrative services agreements for accounting or record-keeping services. No agreement shall be entered into unless the board determines that it will result in administrative economy and will be in the best interests of the state and its participating employees.

(5) The state, the board, the state investment officer, the members of the Nebraska Investment Council, or the county shall not be liable for any investment results resulting from the member's exercise of control over the assets in the employer account.

Sec. 4. Section 23-2319.01, Reissue Revised Statutes of Nebraska, is amended to read:

23-2319.01. (1) For a member who has terminated employment and is not vested, the balance of the member's employer account shall be forfeited. The forfeited employer account shall be credited to the County Employees Retirement Fund and shall first be used to meet the expense charges incurred by the retirement board in connection with administering the retirement system, which charges shall be credited to the County Employees Retirement System Expense Fund, and the remainder, if any, shall then be used to reduce the county contribution which would otherwise be required to fund future service retirement benefits or to restore employer accounts.

(2) If a member ceases to be an employee due to the termination of his or her employment by the county and a grievance or other appeal of the termination is filed, transactions involving forfeiture of his or her employer account shall be suspended pending the final outcome of the grievance or other appeal.

Sec. 5. Section 84-1310.01, Reissue Revised Statutes of Nebraska, is amended to read:

84-1310.01. (1) On or after January 1, 1997, on such date as is established by the retirement board, each member of the retirement system shall be allowed to allocate all contributions to his or her employee account after such date to various investment options. Such investment options shall include, but not be limited to, the following:

(a) A stable return account which shall be invested by or under the direction of the state investment officer in one or more guaranteed investment contracts;

(b) An equities account which shall be invested by or under the direction of the state investment officer in domestic equities;

(c) A balanced account which shall be invested by or under the direction of the state investment officer in domestic equities and domestic fixed income instruments;

(d) An index fund account which shall be invested by or under the direction of the state investment officer in a portfolio of domestic common stocks designed to closely duplicate the total return of the Standard and Poor's 500 Index;

(e) A fixed income account which shall be invested by or under the direction of the state investment officer in domestic fixed income instruments; and

(f) A money market account which shall be invested by or under the direction of the state investment officer in domestic short-term fixed income securities.

If a member fails to select an option or combination of options, all of his or her funds shall be placed in the option described in subdivision (a) of this subsection. Each member shall be given a detailed current description of each investment option prior to making or revising his or her allocation.

(2) Members of the retirement system may allocate their contributions to the investment options in increments of ten percent in any proportion, including full allocation to any one option. A member may transfer any portion of his or her funds among the options, except for restrictions on transfers to or from the stable return account pursuant to rule or regulation. The board shall adopt and promulgate rules and regulations for changes of a member's allocation of contributions to his or her accounts after his or her most recent allocation and for transfers from one investment account to another.

(3) The board shall develop a schedule for the allocation of administrative costs of maintaining the various investment options and shall assess the costs so that each member pays a fair proportion based upon his or her choice of options and number of transfers among options a reasonable fee as determined by the board. The money forfeited pursuant to section 84-1321.01 shall not be used to pay the administrative costs incurred pursuant to this section.

(4) In order to carry out the provisions of this section, the board may enter into administrative services agreements for accounting or record-keeping services. No agreement shall be entered into unless the board determines that it will result in administrative economy and will be in the best interests of the state and its participating employees.

(5) The state, the board, the state investment officer, the members of the Nebraska Investment Council, or the agency shall not be liable for any investment results resulting from the member's exercise of control over the assets in the employee account.

Sec. 6. Section 84-1311.03, Reissue Revised Statutes of Nebraska, is amended to read:

84-1311.03. (1) On or after July 1, 1999, on such date as is established by the retirement board, each member of the retirement system shall be allowed to allocate all contributions to his or her employer account after such date to various investment options. Such investment options shall be limited to the following:

(a) An account which shall be invested by or under the direction of the state investment officer in approximately twenty-five percent domestic equities and seventy-five percent domestic fixed income instruments;

(b) An account which shall be invested by or under the direction of the state investment officer in approximately fifty percent domestic equities and fifty percent domestic fixed income instruments; and

(c) An account which shall be invested by or under the direction of the state investment officer in approximately seventy-five percent domestic equities and twenty-five percent domestic fixed income instruments.

If a member fails to select an option or combination of options, all of his or her funds in the employer account shall be placed in one of the

options described in subdivision (a), (b), or (c) of this subsection as determined by the board. Each member shall be given a detailed current description of each investment option prior to making or revising his or her allocation.

(2) Each member of the retirement system may allocate contributions to his or her employer account to the investment options in increments of ten percent in any proportion, including full allocation to any one option. A member may transfer any portion of his or her funds among the options. The board shall adopt and promulgate rules and regulations for changes of a member's allocation of contributions to his or her accounts after his or her most recent allocation and for transfers from one investment account to another.

(3) The board shall develop a schedule for the allocation of administrative costs of maintaining the various investment options and shall assess the costs so that each member pays a fair proportion based upon his or her choice of options and number of transfers among options a reasonable fee as determined by the board. The money forfeited pursuant to section 84-1321.01 shall not be used to pay the administrative costs incurred pursuant to this section.

(4) In order to carry out the provisions of this section, the board may enter into administrative services agreements for accounting or record-keeping services. No agreement shall be entered into unless the board determines that it will result in administrative economy and will be in the best interests of the state and its participating employees.

(5) The state, the board, the state investment officer, the members of the Nebraska Investment Council, or the agency county shall not be liable for any investment results resulting from the member's exercise of control over the assets in the employer account.

Sec. 7. Section 84-1314, Reissue Revised Statutes of Nebraska, is amended to read:

84-1314. Except as provided in sections 84-1310.01 and 84-1311, all expenses necessary in connection with the administration and operation of the retirement system shall be paid from the State Employees Retirement System Expense Fund which is hereby created. The fund shall be credited with money forfeited pursuant to section 84-1321.01 for the proportionate share of administration expenses from the retirement system assets and income as directed by the board for the proper administration of the State Employees Retirement Act. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 8. Section 84-1321.01, Reissue Revised Statutes of Nebraska, is amended to read:

84-1321.01. (1) For a member who has terminated employment and is not vested, the balance of the member's employer account shall be forfeited. The forfeited employer account shall be credited to the ~~fund~~ State Employees Retirement Fund and shall first be used to meet the expense charges incurred by the retirement board in connection with administering the retirement system, which charges shall be credited to the State Employees Retirement System Expense Fund, and the remainder, if any, shall then be used to reduce the state contribution which would otherwise be required to fund future service retirement benefits or to restore employer accounts.

(2) If a member ceases to be an employee due to the termination of his or her employment by the state and a grievance or other appeal of the termination is filed, transactions involving forfeiture of his or her employer account shall be suspended pending the final outcome of the grievance or other appeal.

Sec. 9. Original sections 23-2310.04, 23-2319.01, 84-1310.01, 84-1311.03, 84-1314, and 84-1321.01, Reissue Revised Statutes of Nebraska, and sections 23-2309.01 and 23-2310.05, Revised Statutes Supplement, 1999, are repealed.